

March 27, 2000

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MANAGER, STAMP SERVICES

SUBJECT: Grand Canyon Stamp – Review of Production  
Internal Controls  
(Report Number RG-LA-00-002)

The Office of Inspector General (OIG) conducted a review of the Stamp Services' stamp production controls (Project Number 00RR013RG000). This review was conducted in response to a second error that occurred on the Grand Canyon stamp. This advisory letter report summarizes the results of our review.

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**Results in Brief**

We concluded that the internal controls established by the Stamp Services Division were insufficient to prevent the reversal of photo images used in the designing process. Prior to our review, Stamp Services Division conducted a self-assessment of the stamp production process and determined that improvements were needed. As a result, Stamp Services' management implemented additional controls that should prevent the reversal of photo images used in future stamp designs. Management is in the process of preparing written updates to their current policies and procedures.

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**Background**

In May 1999 Stamp Services discovered a typographic error that occurred during the production of the 60-cent international commemorative Grand Canyon stamp. This resulted in the destruction of 100 million stamps, costing Postal Service approximately \$500,000. As a result the OIG conducted a review and disclosed that existing control processes should have provided reasonable assurance that potential errors would be timely prevented and detected. However, in this instance the Postal Service did not adhere to their established control processes.

We issued a report, Review of the Printing Error in Grand Canyon Stamp, to the manager of Stamp Services presenting the results of our review. Management agreed to adhere to their existing procedures in the future.

After the stamp was reprinted, Stamp Services staff was alerted to a second error during a dedication ceremony of the International commemorative Grand Canyon stamp. This error consisted of a reversed image of the original photo.

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**Objectives, Scope and Methodology**

The objectives of this review were to determine the cause for the error and if there was a need to enhance controls to avoid this type of error in the future. To accomplish these objectives we interviewed key personnel in the Stamp Service Division and reviewed photo images of the Grand Canyon stamp and the internal control procedures for producing stamp images.

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**Observations**

A reversed image was produced on the Grand Canyon Stamp. This reversed image occurred because the controls in place were not sufficient to detect reversed images on the stamps. After several discussions with members of the philatelic community, Stamp Service officials decided that the error was not significant and did not warrant destroying and reissuing the stamp. However, Stamp Services reevaluated their current stamp control process and made necessary adjustments to avoid future errors.

During the Stamp Services self-assessment they noted that the stamp production process lacked a control to verify when a transparency of the photo had been reversed. To correct this problem, Stamp Services management added an additional verification step to ensure that future images would not be reversed. This consisted of working with current contractors to provide an independent verification as to the accuracy of the images used in the initial and final stages of the designing process.

Stamp Services' management is currently updating their written policies and procedures to reflect these changes. Management provided evidence of the effectiveness of this new process, showing us two additional photo images that were reversed, but were detected by the new procedures

and corrected. Therefore, we do not believe further control enhancements are needed to avoid this type of error in the future.

Since this report does not offer any suggestions, no formal reply is required. However, if you have any comments to this report, please forward them to this office no later than April 17, 2000.

If you have any questions concerning our review, please contact [REDACTED], [REDACTED] me at (703) 248-2300.

/SIGNED/  
Sylvia L. Owens  
Assistant Inspector General  
For Revenue Cost Containment

cc: John R. Gunnels

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**Major Contributors**

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